

**Corporate Behaviour and Market Integration:
Evidence from the Asia-Pacific Real Estate Market**

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CERTIFICATE OF ORIGINAL AUTHORSHIP

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

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Abstract

This dissertation studies Asia-Pacific real estate market in four key ways: Japanese REIT (J-REIT) mergers, dividend policy of J-REITs and Singaporean REITs, volatility spillovers of foreign information on main Asia-Pacific entities, and the house price comovement in Australian capital cities. It contributes to the real estate literature in terms of corporate behaviour and market integration in the Asia-Pacific real estate market.

Following the Global Financial Crisis (GFC), a wave of mergers occurred in J-REITs. The first essay examines how the local market reacted to these mergers and whether the mergers were successful in improving the prospects of the firms involved. I find significant abnormal trading volume for both surviving and absorbed J-REITs in the immediate days after the merger announcements and significant negative return responses for absorbed J-REITs in the two days before the merger announcements. There was no significant improvement in operating performance post-mergers, and the merger premium for J-REITs inversely predicts post-merger performance.

The second essay examines the motivation for and the effects of Asian REITs paying dividends in excess of mandatory level. I find a substitution role of discretionary dividend payments for reduced agency costs and a significant positive relationship between paying discretionary dividends and externally financed growth.

The third essay quantifies the magnitude and time-varying nature of global and regional volatility spillovers from the US and aggregate Asia-Pacific to individual Asia-Pacific securitised real estate markets respectively. Asia-Pacific real estate markets are generally more sensitive to regional shocks than they are to global shocks from the US. Relative to emerging Asia-Pacific real estate markets, developed markets are more susceptible to

foreign information. Furthermore, I argue that the time invariant volatility spillover intensities are due to monetary policies and the recent GFC.

The fourth essay examines inter-city housing price comovement in eight capital cities in Australia from 1999 to 2015. I find that on average, housing prices in Brisbane correlated most with other capital cities, followed by Canberra and Sydney, while in Darwin housing prices tended to move in the opposite direction to those in other capital cities. From a series of panel regressions, I also find that demand for dwellings enhances housing price co-formation across cities, while increases to local household consumption power and increases to the supply of dwellings result in less intercity housing price comovement.